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O N F I D E N T I A L SECTION 01 OF 03 PANAMA 000111

SIPDIS

DEPARTMENT FOR WHA/CEN/BRIGHAM

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SUBJECT: ENDARA TO RUN AS PANAMA'S "HONEST GOVERNMENT"
CANDIDATE

Classified By: Ambassador Linda Watt for reasons 1.5 (B) & (D).

SUMMARY
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11. (C) Former president Guillermo Endara has mapped a come-from-behind election strategy, positioned himself as the campaign's most serious anti-corruption reformer, derides front-runner Martin Torrijos's lack of experience and ability, and plans tough talks with U.S. negotiators on agriculture on a bilateral Free Trade Agreement (FTA). In a late-December meeting with EmbOffs, Endara exuded confidence and was untroubled about the gap in election finances between the Torrijos campaign and his own. He cast doubt on the accuracy of the latest Gallup poll, which shows him trailing Torrijos 49%-32%. Endara's campaign team said he said would invite cooperation from a civilian U.S. intelligence agency and planned to work closely with the USG to formulate Panama's national security strategy. End Summary.

12. (SBU) Embassy offers this message as part of its continuing election coverage.

Endara, with his vice presidential running mates Billy Ford and Alejandro Posse, and campaign advisor Menalco Solis in tow, met with Pol and Econ Counselors and EmbOffs on December 23 to discuss his campaign. The following is a brief account of Endara's current thinking.

"Honesty and Honor"
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13. (SBU) Guillermo Endara asserts that his 1989-1994 track record and his campaign proposals make him by far Panama's most plausible anti-corruption candidate. Endara's profile -- "honesty and honor" -- is what the electorate wants. His principal campaign issues are official corruption and the economy and the link between them: Panama will have no rule-of-law as long as corruption persists; foreign investors will leave because they cannot trust the courts; Panama's economy will create few jobs without new investment; Panamanians have lots of money they don't invest because of corruption. But ending corruption in Panama will not be easy; it will require "a fight by brave people."

How Endara Would End Official Corruption
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14. (C) If elected, Endara plans to

Name as attorney general Mercedes Araz de Grimaldo (an Embassy Centennial International Visitor), who has a reputation for "toughness" and who won a 2003 Integrity Prize from Transparency International's Panama chapter.

Introduce laws permitting prosecutors to openly investigate government officials for "illicit enrichment." (Present regulations give many government officials defacto immunity from prosecution.)

Support a constituent assembly to rewrite Panama's 1972 dictator-drafted constitution.

Campaign to end legislative immunity. ("The legislators have no credibility; they are very corrupt," Endara said, adding "The Supreme Court is worse.")

Give citizens the right to request specific information about internal government budgets and personnel by restoring the Transparency Law, rendered toothless by a Moscoso decree.

Put an end to "I'll-scratch-your-back-if-you-scratch-mine" politics and to promises by newly elected officials not to prosecute officials from a previous administration. (President Moscoso has been widely accused of entering into just such a pact with Martin Torrijos.)

Establish an anti-corruption commission to investigate where things are going wrong and implement its findings, unlike President Moscoso.

Come-From-Behind Strategy =====

15. (C) Endara plans to win by attracting voters away from Arnulfista candidate Jose Miguel Aleman. An Arnulfista Party founder, Endara says Arnulfistas will vote for him because they see no way of winning with Aleman. If Endara is president, Arnulfistas in government would have a better chance of keeping their jobs than if the PRD sweeps the polls. Endara disbelieves polls showing him trailing front-runner Martin Torrijos 49-32%. Endara claimed that 49% of the vote is improbably high for a PRD candidate, or any candidate. (Note: Under Panama's "first-past-the-post" electoral system, PRD candidate Perez Balladares won the 1994 election with 33% of the popular vote against a badly divided field; in 1999 Mireya Moscoso won with 45% of the vote, while PRD runner-up Martin Torrijos got 38%.) Endara sees no money problems to counter the well-funded PRD. Endara has run campaigns "on a shoe string" before.

What's Wrong With Martin =====

16. (C) Endara admits that Martin Torrijos democratized the PRD and has a name -- Martin's father is former Panamanian dictator Omar Torrijos (d. 1981) -- that "is still attractive for some people." But Martin Torrijos (b. 1963) has almost no experience, either as a politician or in private industry. Martin Torrijos has only held one job in his life, managing a McDonald's in Chicago during 1988-1992. Torrijos did serve as vice minister of Government and Justice (1994-1998) under Perez Balladares but "did not shine at all." Someone "close" to Perez Balladares once told Endara, Torrijos "just can't do the work." But Panamanians remember Endara as the man who "saved the country" after the brutal rule of dictators Omar Torrijos and Manuel Noriega. "He got Panama booming again." Endara's campaign (unlike Martin's) does not have to sell "an unknown quantity."

Is Endara Competent? =====

17. (C) Endara ran Panama for five years, which he calls "the best administration since 1968" (the year that the military took power) and says he has the firmest commitment to democracy and is the best defender of civil rights of all the candidates. Though some critics consider his administration to have been honest but inefficient, Endara claims Panamanian society's disarray during his presidency was due to "destape" -- pulling the cork out of a highly pressurized bottle, the rapid decompression of a society with newly restored democratic liberties after two decades of dictatorships.

"We May Be Protectionist On Agriculture" =====

18. (C) At FTA talks with the USG, Panama under Endara will be somewhat protectionist on agriculture, aiming at self-sufficiency in rice, dairy, pork, and beef, to ensure that Panama provides first for its own people. Posse, Endara's second VP candidate, says he is not against free trade and criticized USG agricultural subsidies. "The FTA must be negotiated and studied. The United States does that. We should do the same."

You Can Write Our National Security Plan =====

19. (C) An Endara administration would in all likelihood work hand-in-hand with the USG on regional security issue. Endara's campaign has contacted an American consulting firm to draft a plan, concentrating on national security (not internal or public security). The plan will not appear as a campaign document. Once in office, Endara would be disposed to ask the USG to help draft such a plan but prefers the civilian CIA rather than a "uniformed" intelligence service.

Comment =====

10. (C) Endara faces an uphill struggle as he attacks Torrijos's formidable but not insurmountable lead in the polls -- Mireya Moscoso overcame a similar gap in the polls during the final days of the 1999 campaign to best Martin Torrijos. Endara's non-machine third-party candidacy and shoe-string budget may leave him with fewer debts to office seekers or special interests than his major rivals, should he manage to come from behind and win the presidency on May 2.

11. (C) Endara's unshakable commitment to democratic governance, his well-deserved reputation for honesty, and his modest image as a "regular guy" who worried about the welfare of the common people are his greatest assets in a country grown weary of the systematic looting of the public treasury by politicians. He is the campaign's only anti-corruption candidate with real credibility and a proven track record in public office. Despite their campaign pledges, both Torrijos and Aleman are vehicles for political parties (the PRD and the Arnulfistas) that have proved rapacious in defrauding the public trust while in office. But Endara must overcome several negatives, doubts about his competence and ability as an administrator first and foremost. His age (he is pushing 70) will be a factor in youthful Panama, given that his main rival, Martin Torrijos, just turned 40 and is the youngest of the four candidates. (Billy Ford is the same age as Endara.) Endara's health is another issue. Recently diagnosed with diabetes, Endara has shed dozens of pounds, apparently on doctors' orders.

12. (C) Endara's awkward marriage-of-convenience with the Solidarity Party as his political campaign vehicle puts him at odds with the objectives of the party's founder and president, Samuel Lewis Galindo. The two have a curious relationship. Historically a staunch PRD supporter, Lewis Galindo broke away to found Solidarity in 1993. Many have called the party "PRD-lite." The most adamantly anti-PRD candidate in the race, Endara's strange choice of political bedfellow is reason enough to make him blush.

13. (C) But Endara faces other problems, like money. The notoriously thrifty Lewis Galindo is not giving the Endara campaign a dime. In fact, Lewis Galindo may fear losing control over his party in the event of an Endara victory. Lewis Galindo expects Endara to lose but still do well enough to increase Solidarity's (and Lewis Galindo's) influence. If the race is close, Lewis Galindo might try to find covert ways to support Torrijos, who is about to name Lewis Galindo's nephew, Samuel Lewis Navarro (see septel), as his running mate. Yet an Endara supporter who is a high official in the Solidarity Party claims the first thing Endara will do if he becomes president of Panama is expel Mireya Moscoso from the Arnulfista Party and take over himself. (Note: That seems unlikely because it would conflict with the electoral law -- The Arnulfistas expelled Endara for running as the Solidarity Party's candidate.) "Mireya Moscoso will not last two minutes if Endara wins. You will see great changes in Panama if Endara wins," he told Pol Counselor.

WATT